

Message Text

UNCLASSIFIED

PAGE 01 EC BRU 06802 091912Z

20

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 CIEP-02 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 AGR-10 /059 W

----- 079800

R 091718Z JUL 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 1518

INFO ALL EC CAPITALS

UNCLAS EC BRUSSELS 6802

PASS AGRICULTURE

E.O. 11652: NA

TAGS: ETRD, EEC, GSP

SUBJECT: COMMISSION PROPOSALS FOR THE 1977 EC GSP -- QTE

SUBSTANTIAL IMPROVEMENTS UNQTE

1. SUMMARY: THE EC COMMISSION HAS PRESENTED ITS PROPOSALS FOR REVISION OF THE EC GENERALIZED SYSTEM OF PREFERENCES FOR 1977. THE COMMISSION IS PROPOSING TO THE COUNCIL THAT THE EC SCHEME BE SUBSTANTIALLY EXPANDED BY INCREASING THE VALUE OF QTE TRADE OPPORTUNITIES UNQTE BY 42 PERCENT, FROM THE 1976 LEVEL OF 4.6 BN UNITS OF ACCOUNT (UA) TO 6.5 BN FOR 1977 (1 UA EQUALS DOLS 1.10). THE MAIN FEATURES OF THIS EXPANSION ARE A) AN INCREASE OF 235 MUA OR 24 PERCENT IN GSP AGRICULTURAL PRODUCT COVERAGE (I.E., THE SAME AS PRESENTED UNDER THE EC S APRIL TROPICAL PRODUCTS OFFER IN THE MTN, INCLUDING AN INCREASE IN THE VIRGINIA TYPE TOBACCO QUOTA FROM 38,000 M.T. TO 62,500 M.T.) B) A SHIFT IN THE REFERENCE YEAR USED IN CALCULATING INDUSTRIAL PRODUCT CEILINGS, FROM 1971 TO 1974, WHICH WILL RESULT IN AN OVERALL INCREASE IN THE VALUE OF QTE TRADE OPPORTUNITIES UNQTE FROM 3.6 BN UA IN 1976 TO 4,840 MUA FOR 1977 AND C) A 5 PERCENT INCREASE IN THE TEXTILE CEILINGS FROM 75,323 M.T. TO 79,131 M.T. (VALUED AT 395 MUA), PLUS CERTAIN QUALITATIVE CHANGES. THE COMMISSION HAS ESTIMATED THE

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 EC BRU 06802 091912Z

CUSTOMS REVENUES FOREGONE AS A RESULT OF THE GSP SCHEME

FOR 1977 WILL BE APPROXIMATELY 300 MUA. THE COUNCIL IS EXPECTED TO BEGIN ITS DISCUSSION OF THE PROPOSALS LATER IN JULY. NORMALLY, THE DEBATE LASTS THROUGH TO OCTOBER/-NOVEMBER WITH FINAL APPROVAL IN DECEMBER FOR ENTRY INTO FORCE JANUARY 1. END SUMMARY

2. THE EC COMMISSION, IN A COMMUNICATION TO THE COUNCIL (POUCHED TO EUR/RPE:CASEY) HAS SUBMITTED ITS PROPOSALS FOR IMPROVEMENTS IN THE EC'S EVOLVING GSP SCHEME. THE COMMISSION DESCRIBES THE 1977 SCHEME AS A QTE SUBSTANTIAL IMPROVEMENT UNQTE AND NOTES THAT THE ECONOMIC RECOVERY NOW GETTING UNDER WAY MAKES THE IMPROVEMENTS QTE POSSIBLE AND TOLERABLE UNQTE FOR THE COMMUNITY. THE COMMISSION DOCUMENT ALSO NOTES THAT THE QTE IMPLEMENTATION OF THE TWO LATEST SCHEMES BY CANADA AND THE UNITED STATES HAS RESULTED IN AN IMPROVEMENT IN THE SHARING OF RESPONSIBILITIES AND THE BURDEN BETWEEN THE INDUSTRIALIZED COUNTRIES UNQTE. THERE FOLLOWS A SUMMARY OF THE MAIN CHARACTERISTICS OF THE PROPOSED 1977 SCHEME.

3. PROCESSED AGRICULTURAL PRODUCTS (BTN 1-24): THE COMMISSION'S PROPOSALS IN AGRICULTURE CONSIST OF PREVIOUSLY ANNOUNCED IMPROVEMENTS IN GSP APPROVED BY THE EC COUNCIL ON APRIL 6 IN CONJUNCTION WITH THE EC'S TROPICAL PRODUCTS OFFER. THE AGRICULTURAL SECTION OF THE 1977 GSP WILL THEREFORE INCORPORATE 46 NEW ITEMS AND 70 IMPROVEMENTS IN PREFERENTIAL MARGINS. THESE CONCESSIONS INCLUDE VARIOUS VEGETABLE OILS, FRUIT PRODUCTS, CERTAIN FRUIT JUICES (EXCLUDING ORANGE JUICE), PRESERVED ASPARAGUS AND PINEAPPLE, SAUCES, PROCESSED SPICES, COCOA PRODUCTS, ROASTED COFFEE AND COFFEE SUBSTITUTES, DRIED BEANS AND PEAS, AND VARIOUS FISHERIES PRODUCTS. THE OFFER WOULD ALSO INCREASE THE QUOTA ON VIRGINIA TYPE TOBACCO FROM 38,000 M.T. TO 62,500 M.T. (SEE EC BRUSSELS 728, 3583 AND 6385 FOR ADDITIONAL BACKGROUND.) THESE CONCESSIONS, ALREADY APPROVED BY THE COUNCIL, WILL RAISE EC GSP COVERAGE TO 296 AGRICULTURAL PRODUCTS WITH QTE TRADE OPPORTUNITIES UNQTE FOR 1977 ESTIMATED AT 1,235 MUA.

4. INDUSTRIAL PRODUCTS (OTHER THAN TEXTILES): THE COMMISSION UNCLASSIFIED

UNCLASSIFIED

PAGE 03 EC BRU 06802 091912Z

PROPOSES THAT THE REFERENCE YEAR ON WHICH THE LEVEL OF GSP CEILINGS IS CALCULATED BE CHANGED FROM 1971 TO 1974. THIS PROPOSAL IS MADE ON THE UNDERSTANDING THAT INDIVIDUAL INCREASES FOR SENSITIVE (QUOTAS) AND SEMI-SENSITIVE (SURVEILLANCE) PRODUCTS BE LIMITED TO A MAXIMUM OF 50 PERCENT, IN VALUE OR VOLUME TERMS DEPENDING ON THE CASE, COMPARED WITH 1976. THE PROPOSAL WOULD APPLY TO ALL INDUSTRIAL PRODUCTS OTHER THAN TEXTILES, EXCEPT FOOTWEAR

AND CERTAIN STEEL PRODUCTS WHICH WILL BE FROZEN AT THE 1976 CEILINGS DUE TO THE DIFFICULT SITUATION IN THOSE SECTORS. THE COMMISSION CALCULATES THAT THE EFFECT OF CHANGING THE REFERENCE YEAR WILL RESULT IN AN OVERALL INCREASE IN GSP TRADE OPPORTUNITIES FOR INDUSTRIAL PRODUCTS OF 51 PERCENT (VALUE). THE INCREASE VARIES ACCORDING TO THE CATEGORY OF PRODUCT: 35 PERCENT FOR SENSITIVE PRODUCTS, 45 PERCENT FOR SEMI-SENSITIVE AND 57 PERCENT FOR NON-SENSITIVE. THE COMMISSION NOTES THAT ITS PROPOSALS ARE IN KEEPING WITH THE RESOLUTION OF UNCTAD IV CONCERNING MANUFACTURED GOODS WHICH URGES TANGIBLE INCREASES IN THE CEILINGS AND TARIFF QUOTAS OF GSP SCHEMES. 1977 QTE TRADE OPPORTUNITIES UNQTE FOR INDUSTRIAL PRODUCTS (OTHER THAN TEXTILES) ARE ESTIMATED AT 4,840 MUA.

5. TEXTILE PRODUCTS: THE COMMISSION PROPOSES THAT THE VOLUME OF TEXTILE CEILINGS BE marginally INCREASED FOR 1977, FROM 75,323 M.T. TO 79,131, AN INCREASE OF 5 PERCENT. HOWEVER, THE COMMISSION GOES ON TO SUGGEST A NUMBER OF QUALITATIVE CHANGES:

A) A LINK BETWEEN GSP AND THE MFA SHOULD BE EXAMINED. PENDING ESTABLISHMENT OF SUCH A LINK, GSP ARRANGEMENTS FOR TEXTILES SHOULD BE EXTENDED, PROVISIONALLY, TO ALL DEVELOPING COUNTRIES AND TERRITORIES EXCEPT ROMANIA.

B) COTTON AND NON-COTTON TEXTILES SHOULD BE TREATED IDENTICALLY, CONSIDERABLY SIMPLIFYING ADMINISTRATION AND UTILIZATION.

C) A DUAL SYSTEM FOR VERY SENSITIVE PRODUCTS SHOULD BE INTRODUCED, LIMITING QTE OVERLY COMPETITIVE UNQTE BENEFICIARIES AND BOOSTING OPPORTUNITIES FOR THE UNCLASSIFIED

UNCLASSIFIED

PAGE 04 EC BRU 06802 091912Z

LEAST DEVELOPED. FOR 28 PRODUCTS EACH GLOBAL CEILING WILL BE DIVIDED INTO TWO PARTS: 30 PERCENT FOR THE MORE COMPETITIVE, ADMINISTERED WITH A TARIFF QUOTA, WITHOUT QTE BUFFERS UNQTE OR PER COUNTRY LIMITS, AND WITH A RESERVE PORTION: THE OTHER 70 PERCENT SET ASIDE FOR OTHER BENEFICIARIES AND ADMINISTERED UNDER A CEILING WITH A NORMAL 50 PERCENT QTE BUFFER UNQTE. THE MOST COMPETITIVE BENEFICIARIES WILL BE IDENTIFIED ON GROUND OF DOLS 300 OR MORE PER CAPITA GNP AND AT LEAST 6 PERCENT OR MORE OF THE PRODUCT IN QUESTION ORIGINATING THE GSP BENEFICIARY.

6. COMMUNITY RESERVE: THE COMMISSION PROPOSES TO ADD THREE NEW PRODUCTS (PRESERVED PINEAPPLE OTHER THAN SLICED, DIODES AND TRANSISTORS, CERTAIN TYPES OF CHAIRS) TO THE 1976 LIST

OF PRODUCTS SUBJECT TO TARIFF QUOTAS WITH A LIMITED COMMUNITY RESERVE (WHEN A MEMBER STATE EXCEEDS ITS INDIVIDUAL SHARE OF THE EC-WIDE QUOTA IT CAN DRAW ON AN UNALLOCATED RESERVE AMOUNT).

7. RULES OF ORIGIN: THE SYSTEM OF RULES OF ORIGIN IN FORCE IN 1976 SHOULD BE CONTINUED, SUBJECT TO ADAPTATION AS NECESSARY AS A RESULT OF THE INCLUSION OF CERTAIN AGRICULTURAL PRODUCTS.

8. ADDITIONAL MEASURES: THE COMMISSION NOTES THAT QUALITATIVE AND QUANTITATIVE IMPROVEMENT IN GSP UTILIZATION IS A MAJOR CONCERN AND THAT THE EC SHOULD CONTINUE ITS EFFORTS IN THE FIELD OF COMPLIMENTARY MEASURES. THE COMMISSION WILL CONTINUE ITS PROGRAM OF SEMINARS IN BENEFICIARY COUNTRIES. SMNCLN IS PURSUING ESTABLISHMENT OF A GSP DOCUMENTATION, INFORMATION AND ADVICE AGENCY AND WILL SHORTLY PRESENT A PROPOSAL TO THE COUNCIL. SMNCLN AND LASTLY, REMINDS THE COUNCIL THAT FLEXIBLE ADMINISTRATION OF THE GSP RULES, ESPECIALLY IN AVOIDING OVERLY AUTOMATIC REIMPOSITION OF NORMAL TARIFFS, IS OF PRIME IMPORTANCE, PARTICULARLY FOR THE POOREST COUNTRIES, AND URGES CLOSE COOPERATION BETWEEN MEMBER STATES IN THIS REGARD. HINTON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TRADE, GENERALIZED PREFERENCES (TARIFFS), REGIONAL ORGANIZATIONS, RESOLUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU06802
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760266-0526
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760776/aaaacobg.tel
Line Count: 192
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: schwenja
Review Comment: n/a
Review Content Flags:
Review Date: 26 FEB 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 FEB 2004 by ThomasVJ>; APPROVED <12 AUG 2004 by schwenja>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMMISSION PROPOSALS FOR THE 1977 EC GSP -- QTE SUBSTANTIAL IMPROVEMENTS UNQTE
TAGS: ETRD, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006